



LEGISLATIVE FISCAL OFFICE
Streamlining Commission Analysis

Recommendation No. **RECOMMENDATION 229**
Streamlining Draft **AGMARTIN 39**

Date: December 16, 2009 12:32 PM	Author:
Dept./Agy.: Economic Development	
Subject: Change small business loan guarantees	Analyst: Deborah Vivien

This recommendation affirms the actions by the Department of Economic Development in changing the reserve requirements for the Small Business Loan Guarantee Program.

EXPENDITURES	2010-11	2011-12	2012-13	2013-14	2014-15	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2010-11	2011-12	2012-13	2013-14	2014-15	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The Small Business Loan Guarantee Program requires a reserve on hand to cover the guarantee provided by the state. Prior to FY 09/10, the state was required to provide certificates of deposit of 100% of the amount of the loan guarantees. In the FY 09/10 budget, the reserve requirement was reduced to 25% due to low historical default rates resulting in an annual savings of \$5 million in the Louisiana Economic Development Fund, which is expected to remain at that level in the future. Since savings are already incorporated into the department’s budget, adoption of this recommendation will provide no additional savings in subsequent budgets.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate

☐ 13.5.1 >= \$500,000 Annual Fiscal Cost

☐ 13.5.2 >= \$500,000 Annual Tax or Fee Change

Dual Referral Rules

House

☐ 6.8(F) >= \$500,000 Annual Fiscal Cost

☐ 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease

H. Gordon Monk
Legislative Fiscal Officer